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BPA going ahead with Bush plan

Agency head speaks to area legislators

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WASHINGTON – The head of the Bonneville Power Administration faced bruising questioning Wednesday from lawmakers over a Bush administration proposal that could raise energy rates for some Northwest ratepayers.

But Stephen Wright said BPA intends to forge ahead with the proposal, beginning with a new rate case in July.

At a House subcommittee hearing chaired by Rep. Cathy McMorris, R-Wash., lawmakers heard testimony from officials associated with four different power administrations. But with two representatives from Washington and two from Oregon on the panel, BPA took center stage.

At issue was a budget proposal that would compel BPA to use power revenues above \$500 million to repay its debt to the federal treasury. BPA's current policy is to use those revenues to lower energy rates.

McMorris was uncharacteristically critical of the Bush administration.

"The administration's proposal ignores the reality that debt is already being repaid," McMorris said. "This is yet another Washington, D.C., gimmick that will hurt Northwest consumers."

Lawmakers first heard from a group of managers of local power entities, including Dan Peterson, commissioner for the Pend Oreille County Public Utility District. The PUD buys some of its power from BPA and in December raised rates 15 percent, in part to pay for environmental improvements that will be required at its two Pend Oreille River dams.

Peterson criticized the proposal, saying it would increase energy rates and hurt BPA's financial flexibility.

"Even if our rates are low, why raise them arbitrarily and force businesses out of the Northwest?" he asked. "It's not good energy policy, not good economic policy and contrary to the national goal of energy independence."

A public utility district manager from Oregon echoed Peterson's criticisms. But the tone of the hearing

Bill requires cost disclosure

Rep. Cathy McMorris, R-Wash., said she will introduce legislation today that would require utilities to tell consumers what portion of their energy bills is spent on complying with the Endangered Species Act.

At a House subcommittee hearing Wednesday, McMorris mentioned the "staggering" costs of a federal judge's decision to force Northwest dams to spill water to restore salmon runs. She cited Bonneville Power Administration estimates of \$250,000 to \$3 million for each fish saved by the spills. Under her proposal, consumers would see a line on their energy bill detailing these costs – which McMorris dubbed "salmon taxes."

"I strongly believe that our ratepayers have a right to know how much the Endangered Species Act is costing them," she said.

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changed when lawmakers heard from the heads of four power marketing administrations, including Wright.

Before McMorris could begin her questioning, Rep. Peter DeFazio, D-Ore., asked that an official in attendance from the White House Office of Management and Budget – presumably the agency behind the BPA proposal – join the administrators and answer questions.

The official declined, but the incident set the tone for a prickly questioning session in which Wright was on the hot seat.

McMorris wanted to know if the administration considered bad water years in its proposal. DeFazio wanted to know why the White House released more optimistic revenue estimates than BPA's own figures. Rep. Greg Walden, R-Ore., wanted to know if the proposal was consistent with a law mandating that BPA set the "lowest possible rates consistent with sound business principles." Rep. Jay Inslee, D-Wash., mentioned the "lingering hard feelings" in the Northwest over "the administration hanging us out to dry during the Enron debacle."

In terse answers, Wright said the administration is committed to further talks with the Northwest congressional delegation. He said the disparity in revenue figures was due to the estimates being made at different times. The administration, he said, was trying to strike a balance between low rates and sound business principles.

Wright said the new rates would not be fixed but would depend on how much revenue BPA receives. If revenues come in at White House estimates, rates would stay the same in 2007 but rise 10 percent in 2008 and 2009. BPA has long been a target of White House budgets, but this year's proposal is the first that would not require congressional approval. Northwest lawmakers have said they will fight the plan.